

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAB-01

AID-05 EB-07 COME-00 OMB-01 TRSE-00 AGR-05 EA-07 /083 W

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R 231242Z FEB 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 6827

INFO AMEMBASSY SAN JOSE

AMEMBASSY QUITO

AMCONSUL GUAYAQUIL

PANCANAL

SOUTHCOM

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 1323

E.O. 11652: GDS

TAGS: PINT, PN

SUBJECT: LOCAL "TRUCE" HOLDS AS RENEWED GOP-PRIVATE SECTOR DIA-  
LOGUE

1. BEGIN SUMMARY. GOP HAS ANNOUNCED SERIES OF MEETINGS BEGIN-  
NING FEBRUARY 23 BETWEEN GOVERNMENT OFFICIALS, MEMBERS OF  
NATIONAL GUARD GENERAL STAFF, AND DIRECTORS OF BUSINESS GROUPS  
WHICH COMPRISE CONEP, TOGETHER WITH OTHER PRIVATE SECTOR  
REPRESENTATIVES. MEETINGS RESULT FROM CONTINUING BEHIND THE  
SCENES DIALOGUE WITH GOP SPEARHEADED BY CONEP PRESIDENT  
AMADO AND APPEAR TO BE RESPONSE TO NINE-POINT PROPOSAL RECENTLY  
MADE PUBLIC BY CONEP FOR GOVERNMENT-PRIVATE SECTOR COOPERATION TO  
SOLVE NATIONAL PROBLEMS. COMMERCE MINISTER IS ALSO ORGANIZING  
ADVISORY COUNCIL OF GOVERNMENT AND PRIVATE ENTERPRISE REPS IN  
FURTHER ATTEMPT TO INSTITUTIONALIZE CONTINUING DIALOGUE. PRI-  
VATE SECTOR-GOP "TRUCE" THUS CONTINUES IN EFFECT, WITH  
FEBRUARY 12 INSTALLATION OF ACTING PRESIDENT AND NEW SLATE OF  
DIRECTORS AT LOCAL CHAMBER OF COMMERCE CARRIED OFF IN ELATIVELY  
LOW KEY (PRESIDENT-ELECT IS AMONG THOSE EXILED TO ECUADOR).  
MARKETING INSTITUTE ANNOUNCES IT HAS RECEIVED FUNDS TO PAY  
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PENDING CLAIMS, WHICH SHOULD HELP ASSUAGE RELATIONS WITH RICE

PRODUCERS, BUT ANNUAL ASSEMBLY OF CATTLEMEN'S ASSOCIATION SCHEDULED FOR FEBRUARY 22 WILL MOST LIKELY PROVIDE PLATFORM FOR ANTI-GOP BLAST CONCERNING THE IMPORT OF AUSTRALIAN BEEF. SPECULATION CONCERNING POSSIBLE RETURN OF EXILES DURING LOCAL CARNIVAL CONTINUES, WITH MANY BUSINESS CONTACTS EXPRESSING DOUBT THAT ALL WILL BE ALLOWED TO COME HOME THIS SOON. GOP HAS REPORTEDLY RECEIVED ASSURANCES FROM EXILES OF THEIR GOOD BEHAVIOR IF PERMITTED TO RETURN. END SUMMARY.

2. FORMAL DIALOGUE TO BE RENEWED. LOCAL PRESS HAS ANNOUNCED SERIES OF MEETINGS BEGINNING FEBRUARY 23 TO BE PRESIDED OVER BY VICE PRESIDENT GONAZALEZ AND TO INCLUDE CABINET MINISTERS, MEMBERS OF GN GENERAL STAFF AND OF LEGISLATIVE COMMISSION, AND REPRESENTATIVES OF THE JUDICIARY AND OF AUTONOMOUS AGENCIES, TOGETHER WITH PRIVATE SECTOR REPRESENTATIVES PRIMARILY FROM ORGANIZATIONS COMPRISING NATIONAL COUNCIL OF PRIVATE ENTERPRISE (CONEP). PURPOSE OF MEETINGS WILL BE "TO DEFINE AND EXPLAIN GOVERNMENT POLICIES AND TO DISCUSS THE PARTICIPATION OF THE PRIVATE SECTOR IN THE PROBLEMS OF DEVELOPMENT OF THE COUNTRY." ANNOUNCEMENT EXPRESSES HOPE THAT ENCOUNTER WILL HAVE HIGHLY POSITIVE EFFECT ON "EFFORTS WHICH ARE BEING CARRIED OUT TO SOLVE THE CURRENT CRISIS AND TO CREATE SOCIAL, POLITICAL, AND ECONOMIC CONDITIONS WHICH ASSIST THE DEVELOPMENT OF OUR REPUBLIC IN ORDER TO ACHIEVE FULL NATIONAL INDEPENDENCE." MEETINGS WOULD THUS RESPOND TO NINE-POINT ACTION PLAN CIRCULATED BY CONEP TO IST MEMBER GROUPS AND PUBLISHED IN LOCAL PRESS TEN DAYS AGO.

PLAN CALLED FOR PUBLIC-PRIVATE COORDINATION AND COLLABORATION TOWARD SEVEAL GOALS, INCLUDING OBJECTIVE EVALUATION OF PROPOSED PUBLIC INVESTMENT PROJECTS AND THEIR ALTERNATIVES; EVALUATION OF ECONOMIC AND SOCIAL FACTORS WHICH MIGHT GOVERN STATE INVESTMENT IN PRODUCTIVE FACILITIES; REQUIREMENT FOR DEVELOPMENT PLANNING WHICH ALSO BENEFITS PRIVATE SECTOR; INSTITUTIONALIZATION OF PRIVATE SECTOR PARTICIPATION IN BILATERAL COMMISSIONS WITH GOVERNMENT IN ORDER TO DEVELOP SPECIFIC PLANS OF ACTION; AND OBJECTIVE ANALYSIS OF LEGISLATION IN EFFECT WITH A VIEW TO IMPROVING IT. A PUBLICIZED MEETING HAS ALREADY TAKEN PLACE BETWEEN MINISTRY OF COMMERCE OFFICIALS AND DIRECTORS OF PANAMA INDUSTRIALISTS SYNDICATE (SIP), HEADED BY PRESIDENT JUAN JOSE AMADO (WHO IS ALSO CURRENT CONEP

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PRESIDENT). MINISTER OF COMMERCE SOSA HAS INFORMED EMBASSY ECON-COM COUNSELOR THAT HE IS ORGANIZING PERMANENT ADVISORY GROUP CONSISTING OF GOP, PRIVATE SECTOR, AND LABOR REPRESENTATIVES TO MAINTAIN CONTINUING DIALOGUE. (COMMENT: CONTINUING BEHIND THE

HE SCENES COMMUNICATION BETWEEN SPOKESMEN FOR PRIVATE SECTOR AND GOP HAS UNDOUBTEDLY BEEN FACILITATED BY CIRCUMSTANCE THAT AMADO IS CURRENT PRESIDENT OF CONFEDERATION OF BUSINESS

GROUPS, CONEP, AS WELL AS ONE OF ITS MOST IMPORTANT COMPONENTS, THE MANUFACTURERS AND INDUSTRIALISTS ASSOCIATION (SIP). AMADO HEADS GRUPO INDUSTRIAL AMADO, ONE OF MOST IMPORTANT PANAMANIAN CONGLOMERATES AND ONE WHICH HAS BEEN TRADITIONALLY BULLISH REGARDING LOCAL INVESTMENTS. HE THUS COMMANDS CONSIDERABLE ATTENTION AND RESPECT IN HIGHEST GOVERNMENT CIRCLES. RECENT REPLACEMENT OF FLAMBOYANT, SOMETIMES ERRATIC COMMERCE MINISTER MANFREDO BY TECHNOCRAT JULIO SOSA, GENERALLY WELL-RESPECTED IN BUSINESS COMMUNITY, HAS ALSO BEEN A PLUS IN KEEPING CHANNELS OF COMMUNICATION OPEN.)

3. CHAMBER MAINTAINS LOW PROFILE. INSTALLATION OF NEW OFFICERS OF PANAMA CITY CHAMBER OF COMMERCE FEBRUARY 12 WAS RELATIVELY SUBDUED AFFAIR NOTWITHSTANDING FACT THAT PRESIDENT-ELECT ANTONIO DOMINGUEZ AND DIRECTOR GEORGE WEEDEN ARE AMONG THOSE PRESENTLY IN EXILE. EVENT WAS WELL PUBLICIZED--SEMI-INDEPENDENT "ESTRELLA" RAN DOMINGUEZ PICTURE ON FRONT PAGE AND HAD FULL-PAGE SPREAD INSIDE PAPER OF INDIVIDUAL PICTURES OF NEW OFFICERS WITH DOMINGUEZ GIVEN PROMINENCE. PRO-GOP "MATUTINO" PRINTED TEXTS OF SPEECHES BY OUT-GOING PRESIDENT MARIO DE DIEGO AND NEW 1ST VICE PRESIDENT/ACTING PRESIDENT JOSE CHIRINO. IN THEIR REMARKS, BOTH DE DIEGO AND CHIRINO LAMENTED FACT THAT ENTIRE SLATE OF OFFICERS WAS NOT PRESENT ON THAT OCCASION WHILE REAFFIRMING CHAMBER'S RESOLVE TO CONTRIBUTE TO PROSPERITY AND BETTERMENT OF PANAMA. DE DIEGO ALSO REMINDED MEMBERS OF THEIR RESPONSIBILITY FOR MAINTAINING TRANQUILITY TO FACILITATE RETURN OF SEPARATED BRETHREN AND ENDORSED CONEP NINE-POINT CALL FOR JOINT CONSTRUCTIVE EFFORTS BY ALL PANAMANIAN. (COMMENT: THIS YEAR'S IN-HOUSE AFFAIR WAS IN CONTRAST TO NORMAL DINNER-GAL WITH INVITED GUESTS--PRESIDENT LAKAS WAS PRINCIPAL SPEAKER LAST YEAR. ACCORDING TO PRESS REPORT, LAKAS WILL, HOWEVER, ATTEND FEBRUARY 21 INSTALLATION OF NEW OFFICERS OF CHAMBER'S COLON CHAPTER, WHERE RECENT

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CONFRONTATION WAS LESS ACTIVELY PURSUED.

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAB-01

AID-05 EB-07 COME-00 OMB-01 TRSE-00 AGR-05 EA-07 /083 W

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R 231242Z FEB 76

FM AMEMBASSY PANAMA

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4. PRESS PLAY. "ESTRELLA" EDITORIAL OF FEBRUARY 7, "AN INVITATION TO CONCORD," (FBID 072055Z FEB 76) HELPED SET TONE OF NEW ERA OF GOOD FEELING WHICH LOCAL PRESS HAS GENERALLY FOLLOWED. EDITORIAL CALLED PANAMA A SMALL FAMILY WHICH TRADITIONALLY DID NOT BEAR GRUDGES AND WHICH NOW REQUIRES TOLERANCE AND UNDERSTANDING ALL THE MORE. IT URGED THE AUTHORITIES, FROM POSITION OF STRENGTH INHERENT IN "MASSIVE SUPPORT ENJOYED BY GOVERNMENT", TO BE THE FIRST TO RAISE TRADITIONAL OLIVE BRANCH. ATTEMPTS TO ACCENTUATE THE POSITIVE INCLUDE PUBLICATION BY PRO-GOP "DOMINICAL" OF ESSAY ON COLOMBIAN RULE OF THE ISTHMUS BY EXILED BANKER AND HISTORIAN RUBEN D.CARLES. ONE SOUR NOTE IN CAMPAIGN, HOWEVER, WAS PROVIDED BY FULL-PAGE AD IN PRO-GOP "CRITICA" OF FEBRUARY 12, HEADED "THE GOOD, THE BAD AND THE UGLY IN THE RECENT MEETINGS OF APEDE," FOLLOWED BY LIST OF SOME 150 NAMES, WITH CARICATURES OF SEVERAL MONKEYS AT BOTTOM OF PAGE. SMALL PRINT INDICATED AD WAS PAID FOR BY CARNIVAL GROUP OF CHORILLO (PANAMA CITY), WHICH WAS INVOLVED IN "ATTACK" ON APEDE (PANAMANIAN ASSOOCIATION OF BUSINESS EXECUTIVES). HEADQUARTERS JANUARY 23 WHILE THAT LOCALE SERVED AS CENTER FOR ANTI-GOP RALLIES (PANAMA 0552). "ESTRELLA" PRINTED A FRONT PAGE CRITICIMS OF THE AD AND ITS IMPLICATION THAT THOSE LISTED

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(PRESUMABLY APEDE MEMBERS OR PARTICIPANTS IN THE RALLIES) WERE "ENEMIES." (APEDE HEADQUARTERS REMAIN UNDER GUARD, AND ORGANIZATION APPEARS TO BE IN LIMBO FOR THE MOMENT.)

5. RICE AND BEEF. ANNOUNCEMENT BY NEWLY FORMED AGRICULTURAL MARKETING INSTITUTE THAT IT HAS RECEIVED \$3 MILLION WHICH WILL BE USED TO PAY CLAIMS AGAINST IT IS UNDOUBTEDLY WELCOME NEWS TO IMDEPENDENT RICE PRODUCERS, WHOSE COMPLAINTS REGARDING

FAILURE TO RECEIVE TIMELY PAYMENT FOR RICE SOLD TO INSTITUTE WAS A PRINCIPAL BASIS FOR ORGANIZING MEETINGS IN CHIRIQUI WHICH PROVOKED CONFRONTATION. LOCAL BANKING SOURCE ALSO INFORMS US THAT GOP IS SEEKING \$21 MILLION LOAN AMONG LOCAL OFFICES OF FOREIGN BANKS FOR INSTITUTE'S USE AS REVOLVING FUND IN DEALING IN AGRICULTURAL COMMODITIES. THERE IS ALSO EVIDENCE OF INCREASED CONCERN REGARDING PROBLEMS OF ANOTHER OF THE MORE DISAFFECTED GROUPS, THE CATTLEMEN. BANKERS ATTENDING A RECENT BREAKFAST MEETING WITH GENERAL TORRIJOS REPORT THAT HE CATEGORIZED THE DEAL WHEREBY PANAMA PERMITTED THE IMPORT OF LARGE QUANTITIES OF BEEF FROM AUSTRALIA, WHICH IT IS FINDING DIFFICULT TO RE-EXPORT, AS A "TERRIBLE MESS" AND REQUESTED BANKERS' ASSISTANCE IN FINDING EXTERNAL MARKETS FOR THIS MEAT. AGRICULTURE MINISTER PAREDES REPORTEDLY WILL ATTEND ANNUAL ASSEMBLY OF THE NATIONAL CATTLEMENT'S ASSOCIATION, SCHEDULED FOR FEBRUARY 22, WHERE STRONG CRITICISM OF AUSTRALIAN DEAL CAN BE EXPECTED.

6. RETURN OF EXILES. THE GENERAL CONSENSUS AMONG LOCAL BUSINESS COMMUNITY APPEARS TO BE THAT IT HAS COMPORTED ITSELF WELL, FULFILLING ITS OBLIGATIONS UNDER IMPLICIT TERMS OF THE "TRUCE" OF LATE JANUARY; THEREFORE, IT BEHOOVES THE GOVERNMENT TO MOVE TOWARD CARRYING OUT ITS SIDE OF BARGAIN, I.E. BRINGING HOME THE EXILES. SPECULATION HAS CENTERED PRIMARILY ON CARNIVAL TIME, I.E. THROUGH MARCH 2, AS MOST LIKELY PERIOD FOR SUCH A MOVE BY GOP IF IN FACT A RETURN IS TO BE ALLOWED ANY TIME WITHIN THE NEAR FUTURE. MOST WE HAVE CONTACTED DOUBT, HOWEVER, THAT ENTIRE GROUP WILL BE PERMITTED TO RETURN AT SOME TIME. SOME BELIEVE THOSE FROM CHIRIQUI WILL GET FIRST PREFERENCE IN EFFORT TO PACIFY FEELINGS THERE, WHERE GENERAL ATMOSPHERE REMAINS LESS SETTLED THAN IN CAPITAL. (WE HAVE HEARD THAT GOP IS GIVING TOP PRIORITY TO PUTTING TOGETHER ECONOMIC DEVELOPMENT PLAN FOR CHIRIQUI PROVINCE.) BEFORE HIS RECENT DEPARTURE TO US ON VACATION, HENRY FORD (LOCAL BANKER, FORMER FINANCE MINISTER, CONFIDENTIAL

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AND BROTHER OF EXILED GUILLERMO FORD) TRAVELLED WITH GOP'S KNOWLEDGE TO GUAYAQUIL WHERE, ACCORDING TO RELIABLE SOURCE, HE SOUGHT AND OBTAINED ASSURANCES FROM EXILES FOR THEIR "GOOD BEHAVIOR," OUT OF PUBLIC EYE, WHEN AND IF THEY WERE PERMITTED TO RETURN TO PANAMA. HE THEN TRANSMITTED THESE ASSURANCES TO GOP.

7. COMMENT: TRUCE WHICH WAS ACKNOWLEDGED IMPLICITLY IN SIMULTANEOUS COMMUNIQUE ISSUED BY GOP AND CONEP JANUARY 24 (PANAMA 0584) HAS HELD UP REASONABLY WELL DURING ITS FIRST FOUR WEEKS. TONE OF PRESS COMMENTARY AS A WHOLE, AND SERIES OF RELATED ACTIONS BY GOP, DEMONSTRATE IN OUR VIEW A CONSCIOUS EFFORT OF CONSIDERABLE MAGNITUDE AND INTENSITY BY THE GOVERNMENT TO REBUILD ITS LINKS WITH THE PRIVATE SECTOR AND THUS TO RESTORE THE BUSINESS CONFIDENCE IT NEEDS TO

MAINTAIN ITS ECONOMIC RECOVERY. FORTHCOMING SERIES  
OF MEETINGS, WITH WIDE-RANGING OFFICIAL AND PRIVATE PARTICIPATION,  
WOULD APPEAR TO PROVIDE APPROPRIATE VEHICLE FOR OBTAINING FURTHER  
AGREEMENTS IN PRINCIPLE ON WHICH A DECISION TO PERMIT RETURN  
OF THE EXILES COULD BE BASED. DESPITE THE GOVERNMENT'S  
OBVIOUS COURTING OF THE PRIVATE SECTOR, ITS FAILURE TO  
MAKE SOME MOVE TOWARD AT LEAST PARTIAL RETURN OF THE EXILED  
GROUP BY THE END OF THE MONTH WOULD UNDOUBTEDLY BE CONSIDERED  
A BREACH OF THE TRUCE BY MANY IN THE BUSINESS COMMUNITY, AND  
THUS MAKE ITS PROLONGATION A MORE TENUOUS PROSPECT. END COMMENT.  
JORDEN

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## Message Attributes

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